

[Berkeley]

REPORT AND RECOMMENDATIONS OF SPECIAL PANEL
TO BOARD OF EDUCATION AND CERTIFICATED EMPLOYEES COUNCIL

Submitted October 27, 1975

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Spurgeon Avakian, Neutral Chairperson

Douglas M. Schwab
Representative of Board of Education

Richard Groulx
Representative of CEC

*[Certificated employees council, Berkeley]
School administration Berkeley*

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James H. Hays
Executive Director of Board of Education

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REPORT AND RECOMMENDATIONS OF SPECIAL PANEL
TO BOARD OF EDUCATION AND CERTIFICATED EMPLOYEES COUNCIL

Preface

This Panel was established on October 5, 1975, by contemporaneous action of the Berkeley Board of Education and the Certificated Employees Council (representing the Berkeley teachers pursuant to the Winton Act) as a means of resolving the dispute which had resulted in a strike of close to 90% of the teachers since the opening day of school, September 3, 1975.

The two parties jointly agreed upon a neutral chairperson, who was then formally designated by State Superintendent of Public Instruction Wilson Riles, and each selected its own representative.

The charge to the Panel was to study the dispute and issue its recommendations as soon as possible. The Board, feeling obligated as an elected public body to reserve final decisions until after the recommendations were made, agreed by a 3-2 vote to give great weight to the recommendations and to follow them unless they were substantially without merit or contrary to law. The CEC, also by a divided vote, recommended to the teachers that they go back to the classroom on October 6, with the understanding that they would be free to resume the strike if dissatisfied with the Panel's recommendations or the Board's actions in response to them but would abide by the recommendations unless they were substantially without merit. This CEC recommendation was approved by a substantial majority of the teachers at a mass meeting on October 6, and the teachers returned to their classrooms that afternoon.

The Panel commenced its study on the evening of October 6. It spent 44.5 hours in formal hearings in which representatives of both sides presented evidence and arguments in support of their contentions on the various specific issues. In addition, the Panel members spent many hours of individual study of the material presented and 13 hours in joint deliberation before arriving at the substance of their recommendations. The written material submitted by both sides constitutes a stack of paper over 6 inches high, and much of it required extensive oral explanation and amplification.

Background of Dispute

A recital of the events culminating in the strike is helpful in defining the scope of the Panel's responsibility and recommendations.

On April 15, 1975, after extended "meet and confer" discussions as required by the Winton Act, the CEC and the Board's representatives reached a 46-page written agreement on policies relating to working conditions, direct salary schedules, and fringe benefits for certificated employees of the District. The agreement was formally adopted

by the Board on the same day. This document is referred to herein as the "April 15 Package", so as not to prejudice the Board's view of it as a "Policy" and CEC's description of it as a "Contract".

The April 15 Package provided that the "policies may be reviewed at any time and shall be reviewed by the parties prior to September 1, 1976." Section 12.400 provided that "Requests to meet and confer shall be in writing and shall specify the subject matter to be considered. All pertinent material shall be forwarded together with the request."

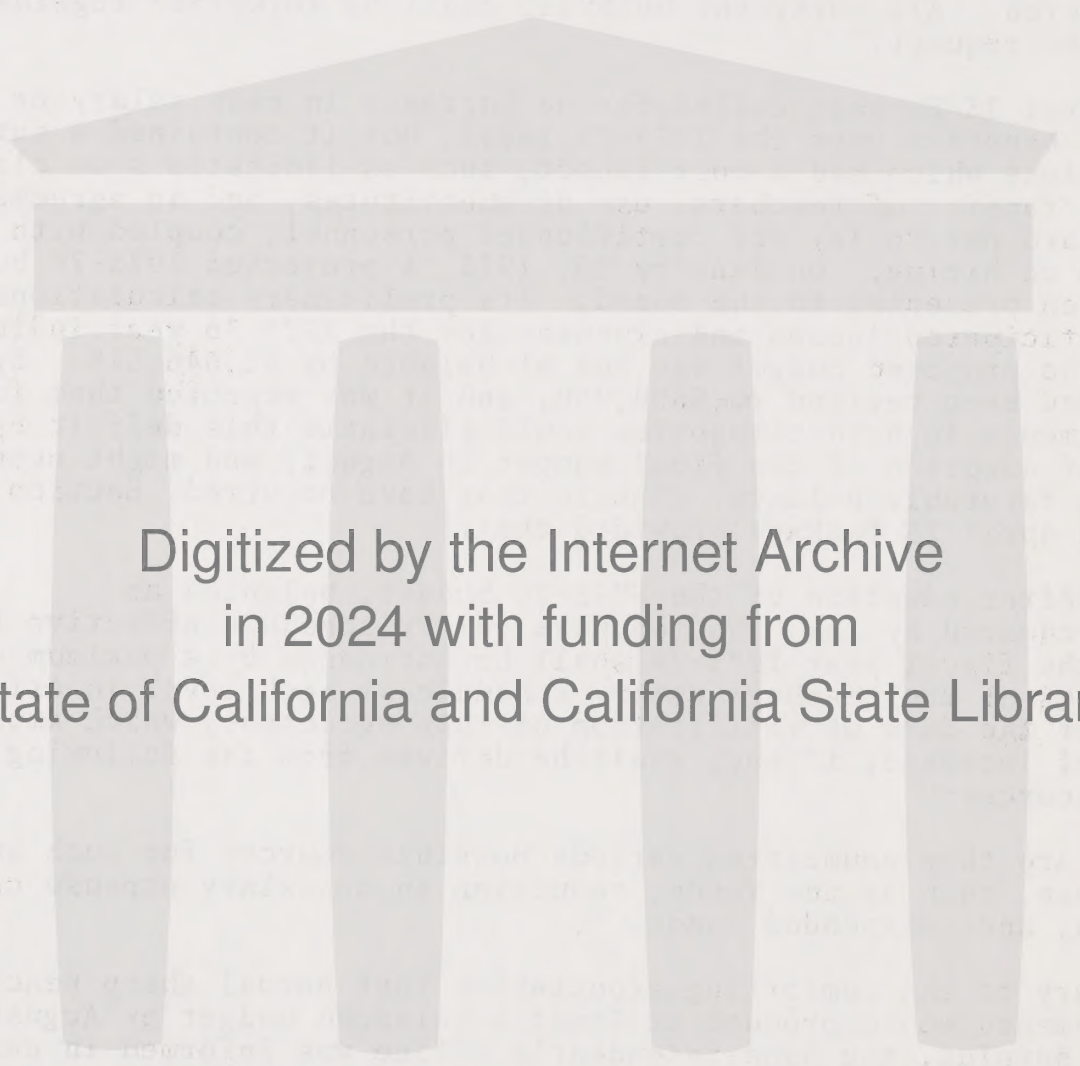
The April 15 Package called for no increase in cash salary or fringe benefits over the 1974-75 level, but it contained a number of provisions which had a cost impact, such as limitations on class size, transfer of teachers, use of substitutes, and an agreement by the Board not to lay off certificated personnel, coupled with a freeze on hiring. On January 28, 1975, a projected 1975-76 budget had been presented to the Board. Its preliminary calculations of the anticipated income and expenses for the 1975-76 year indicated that the proposed budget was out of balance by \$2,646,518. By May, this had been revised to \$800,000, and it was expected that further adjustments in both categories would eliminate this deficit by the time of adoption of the final budget in August, and might even produce a favorable balance. Should that have occurred, Section 7.800 of the April 15 Package provided that:

"After adoption of the FY75-76 budget, balanced as required by law, the teachers salary schedule effective for the fiscal year 1975-76 shall be increased by a maximum of 6½% of the teachers salary schedule at each level in effect at the date of ratification of this agreement, which amount of increase, if any, shall be derived from the following sources:"

There are then enumerated various possible sources for such an increase, such as new funds, reduction in nonsalary expense categories, and unexpended funds.

Contrary to the comforting expectation that normal sharp-pencil refinements would produce at least a balanced budget by August, if not a surplus, the Superintendent's office was informed in early June by an outside auditing firm that newly discovered errors indicated a 1975-76 deficit of about 2½ million dollars. The Business Manager was confronted with this, and he resigned on June 11. The Board was informed on June 16. It sought further verification, and on June 27, the sad news was confirmed with some indication that the deficit might be as high as 3.9 million.

Faced with the fact that salary schedules for 1975-76 would be legally frozen at the July 1 levels as a minimum, and required by law to have a balanced budget, the Board drastically revised the April 15 Package on June 28 by unilaterally reducing salary levels 15%, reducing health plan benefits below the 1974-75 level, and



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modifying the transfer policy. It also requested CEC to meet and confer on July 2 regarding the ultimate revisions to be made.

CEC replied that many of its members were out of the city, that it would be willing to meet when a quorum became available, but that in any event the April 15 Package was a legally binding contract not subject to negotiation or change. Further efforts of the Board to arrange "meet and confer" discussions on this subject were unavailing.

On August 5, 1975, the Board set the 1975-76 salaries of certificated personnel at 2.25% below the 1974-75 level, and of classified personnel at 1.5% below. Subsequently, on September 2, 1975, these were changed to 1.2% and .8%, respectively.

During the strike period, from September 3 to October 5, numerous proposals and counter-proposals were discussed by the representatives of the parties. A number of items were resolved on a tentative basis, conditioned upon satisfactory agreement of the total dispute, a condition which, unfortunately, did not eventuate.

The Panel has been informed of these tentative agreements, but is mindful that each party's tentative approval was based on the assumption that all other issues would be resolved to its satisfaction. Accordingly, we have not treated the tentative agreements as binding, but view them as an indication of the priority which the parties themselves attached to these items in their effort to reach a settlement.

Discussion

CEC's position is, basically, that the teachers are entitled to the full benefit of the April 15 Package, and that the teachers are not responsible for the administrative miscalculations which misled the Board until June 16. CEC has suggested numerous budgetary and operational changes which might free money for implementation of the April 15 Package, but it insists that it is up to the Board to find the funds, even to the point of borrowing as a last resort.

The Board has suggested changes which will restore some portions of the April 15 Package but insists that the funds are insufficient to go all the way and that some of the CEC proposals for operational change are impractical or reflect unwise priorities. It strongly opposes a loan against future income. It also expresses concern that the reductions it has already made in some categories are too drastic and may result in cost overruns by the end of the year.

Some explanatory observations about the composition of the budget are in order. The income and expense categories are not capable of precise determination in advance. The income is from a variety of sources, all of which must be forecast on an estimated basis.

Some income items are dependent on enrollment in specific programs; others are new sources not even known at the start of the year; many are subject to fluctuation throughout the year because geared to factors which vary from month to month. Similarly, the expense categories are variable. Around 85% of the expenditures are for salaries and wages, and these vary as people leave and are replaced, or as more or less help in particular categories is needed from time to time. When finally adopted by the Board on September 24, 1975, the 1975-76 budget called for \$34,392,847 in income and expenditures. The detail of expenditures is set out on 286 pages of computer printout, containing over 7,000 line items.

But, inevitably, this budget is already out of date, because some changes in both income and expense have already become known. For example, federal Public Law 874 makes the District eligible for special funds for educating children living in federally subsidized housing. There are approximately 1,100 such living units in Berkeley, and presumably many house children attending Berkeley schools. This may produce \$100,000 to \$175,000 in additional revenue, and possibly much more, once the number has been determined and the necessary forms are filled out, filed, and verified; and possibly 85% of this might be paid before June 30.

Similarly, the "penalty" imposed by state law for an excessive ratio of administrators has now been calculated as \$115,394, instead of the budget estimate of \$126,397, a reduction of \$11,003. This item, incidentally, is a source of much misunderstanding. The state classification of "administrator" includes the directors of federally funded projects which require, as a condition of the grant, that there be a project director. Since Berkeley has a total of almost \$6,000,000 in income from such grants, it also has the requisite number of project directors, with resultant imposition of the penalty. The \$115,000 penalty is the price for obtaining these funds. Revised state law provides, but only as to the future, that such project directors will not be counted as "administrators" in determining the ratios upon which the penalty is based. Without them, Berkeley's administrator ratio would be within acceptable limits and would call for no penalty.

With all of the inevitable uncertainty as to exactly how much must or will be spent in specific categories by June 30 next, and how much will be received in each income category, it would be unwise for the Panel to identify precisely the source of each dollar required to implement its recommendations. Rather, we are indicating the approximate cost of each recommendation which requires additional expenditure, and we are indicating the adjustments in income and expense which can provide the necessary funds. Exactly where each dollar will come from will have to be worked out by the Board and its staff as the year progresses, in the light of month-to-month changes which will occur on both sides of the ledger.

We believe the facts justify the conclusion that a readjustment of priorities can be made to finance the recommendations. It

should be emphasized, however, that a constant, ongoing balancing of priorities will be required, and that each expenditure item in the budget, if viewed in isolation, can probably be justified as a necessary or wise expenditure.

The estimated cost of the recommendations outlined below is \$450,000. Assuming a range of 10% error in each direction, the actual cost should lie somewhere within the \$400,000 to \$500,000 range.

Several items can be specifically identified as an uncontradicted source of additional funds not contemplated in the budget, which approximate the cost of the adjustments we recommend, as follows:

\$420,000	- Unbudgeted attrition (approximate)
13,797	- Unbudgeted recovery from anti-trust suit
11,003	- Reduction in amount budgeted for administrator penalty
<u>14,338</u>	- Additional SB 220 funds

\$459,138

There is also an indication that the allocation of federal funds for Special Education will be \$49,000 higher than anticipated. These funds are earmarked for special purposes, but the ultimate effect might well be to relieve other segments of the budget in this amount.

Several other items suggested by CEC also provide a possible source of additional funds, but against this must be considered, as a reality, that some expenditures will exceed the amount budgeted. As an example, the 1975-76 budget item for telephones is \$155,017, as compared with \$235,949 actually spent in 1974-75. The District has eliminated many telephone instruments and lines. CEC contends that this item should be reduced further, to \$100,000, but it is questionable that a reduction of even the \$85,000 made by the Board can be accomplished this year, particularly since the lower level of service applies to only a part of the year.

CEC suggests the elimination of \$10,000 budgeted for the expense of searching out and interviewing applicants for the position of Business Manager. A good Business Manager is sorely needed and may be hard to find. We do not consider it a wise economy to put off the search for another year, but we hope that the actual cost will be substantially less.

CEC suggests the elimination of the position of Administrative Assistant to Board members. Each member has an Administrative Assistant who is paid \$100 per month. Elimination of these positions as of December 1, 1975, would save \$3,500 by June 30. We leave it to the Board to consider this and the many other specific items suggested by CEC in what we know will be a difficult search for dollars between now and June 30.

Mention should be made of the cost impact of the strike on the District's revenues this year and next.

The most immediate effect was a reduction in strike-period expenditures of almost \$1,000,000. (Budgeted salaries not paid to striking teachers totaled \$1,305,600. Unbudgeted substitute teacher salaries and other expenditures directly related to the strike reduced this saving by something over \$300,000.) The delayed cost impact of the strike cannot be calculated at this time. The Board's staff estimates a loss of revenue this year of around \$1,000,000; CEC alleges it will be closer to \$200,000. The Board's estimate of lost revenue next year is over \$1,000,000, based on the fact that revenue each year is geared in part to the preceding year's ADA. Other estimates place this closer to one-half or three-quarters of a million. All of the estimates are uncertain and speculative because [1] they must necessarily guess at what the loss of Average Daily Attendance (ADA) resulting from the strike will be, and [2] they assume that there will be no adjustment in the lowered revenue limits based on ADA. (Adjustment would be possible if the strike is viewed as an "extraordinary condition" within the meaning of Education Code Section 17,553, which, in conjunction with Section 11,653, authorizes the State Superintendent of Public Instruction to correct distortions of ADA under certain circumstances.)

Since these uncertainties cannot be resolved at this time, we have taken the following approach to the fiscal impact of the strike: [1] At worst, there is not likely to be a net loss this year, and there might be a net saving. [2] If there should be a loss in ADA-based revenue next year, which is not offset by possible net savings from the strike this year, that will be a part of the total revenue and expense picture which will govern and limit the Board and CEC in their negotiation of next year's contract.

Thus, we have not looked to any cost savings this year from the strike as a source of financing the recommendations we make, nor have we considered it appropriate to anticipate, on a speculative basis, a reserve out of this year's revenue to cover a possible loss next year. Moreover, even if a loss of ADA revenue for next year could now be determined with reasonable certainty and accuracy, we would not consider it equitable to set up a reserve for it out of this year's revenue at the expense of the April 15 Package. That Package has already been burdened by an unexpected deficit of \$629,000 carried over from last year -- a deficit which of necessity has been added to various categories of expenditure in the 1975-76 budget, even though actually accrued in 1974-75.

We have also considered the question of extending the school year. Two main purposes might be served by this: [1] Additional instructional hours for the students, and [2] reducing or eliminating the loss of ADA. The Education Code requires the District to maintain its schools for at least 175 days. The ADA for next year is estimated on the basis of the actual attendance for all the school days up to March 31 of the current school year. Any

adjustment of the school year which eliminated low-attendance strike days in September from this computation would have the effect of raising the average. Very little could be accomplished by March 31, however, because the only significant period available is Christmas vacation, and school during that period would probably be low in attendance, as well as in educational accomplishment. Extension of the school year beyond the normal June 11 closing date would not raise the ADA for revenue purposes; it would require substantial added cost and interfere with summer school; and it would probably involve reduced attendance and poorer student performance. Elimination or constriction of the spring vacation in April would involve similar complications.

We limit ourselves in this regard to the recommendation that classes be held on the Conference Days presently scheduled for November 5 and March 17.

With respect to the matters to be implemented by categorical action if approved by both sides, we submit the following

SPECIFIC RECOMMENDATIONS

1. Instructional Supplies - The \$100,000 cut from this item in adopting the budget should be restored, and the expenditure of this amount should be related to classroom supplies as the highest priority.
2. Salaries (Cost: \$218,000) - The 1.2% salary cut for certificated employees should be restored for all certificated personnel employed on November 1, 1975, or later, as follows:
 - a. The amount shall be determined for each employee, computed for a full year.
 - b. Such amount shall be paid to each employee in equal monthly installments over the balance of that employee's annual pay cycle, except that if the employee's services are terminated for any reason before the end of that employee's annual pay cycle, or the employee is hired after commencement of the year, the total payment shall be proportionate to the period of employment, and the payments shall be adjusted accordingly. Examples, assuming the 1.2% equals \$200:
 - 1) Employee A is on a July-June pay cycle. The \$200 shall be paid in 8 equal installments from November to June, inclusive.
 - 2) Employee B is on a September-August pay cycle. The \$200 shall be paid in 10 equal installments, from November to August, inclusive.

- 3) Employee C is on a September-August pay cycle, but retires as of January 31, 1976. The salary restoration shall be 5/12 of \$200, or \$83.33, and the unpaid portion of this shall be included in the final payment.
 - 4) Employee D is hired on February 1, on a February-August pay cycle. The salary restoration shall be 6/12 of \$200, payable in 6 equal installments.
3. Health Benefit Plans (Cost: \$79,000) - The Kaiser and Blue Cross coverages provided in the April 15 Package shall be restored as of the beginning of the 7th month of the contract period, except that out-of-state protection will not be included in the Kaiser coverage.
 4. Assistant Teachers' Salary Schedule, Early Childhood Education Program (Cost: \$18,000) - The category of Assistant Teacher should be abolished, and all those currently classed as Assistant Teachers should be reclassified as teachers, to the extent permitted by law, as of November 1, 1975, and tenure or credit toward tenure earned as assistant teacher should apply to tenure or credit toward tenure as teacher. The first two columns of the present Assistant Teacher Salary Schedule should be appended to the left of the Teacher Salary Schedule, and assistant teachers should be placed at the appropriate step, with a limitation of the schedule to 7 steps in each of said two columns. Assistant teachers presently on leave should be reclassified as teachers on leave.
 5. Substitute Teachers (Cost: \$25,000) - The budget allocation for substitute teachers should be increased by \$25,000, and this should be used at the K-6 levels as necessary to hire substitutes in order to avoid a split-up or doubling of elementary classes during the absence of the regular teacher.
 6. Class Size (Cost: \$10,000)
 - a. Early Childhood Education (ECE) - The current staffing pattern should be followed for the Children's Center, and the 1974-75 staff ratio should be applied for Parent Nursery. Inservice training should be provided for all staff new to the ECE level, during the regular working day.
 - b. K-3 - The April 15 Package provisions should be implemented as much as possible, utilizing voluntary transfers, and reassignment of administrators and skills specialists as much as possible. The more specific rules to accomplish this should be negotiated by the District's staff and CEC.
 - c. The overall financial limit on additional expenditures directed toward achieving the class size goals should be \$10,000.

7. Health Coordinator (No cost) - The Health Consultants Coordinator should be placed back into the program to the extent of 60% of the Consultants' time.
8. Transfer Policy (No cost) - The transfer policy of the April 15 Package should be restored, conditional upon a written waiver of grievance by all teachers who had complained of having been transferred improperly prior to October 5, 1975, and on the understanding (confirmed by counsel for both sides in hearings before the Panel) that transfers made to fill positions becoming vacant by reason of death, resignation or retirement, or required by reason of increasing or decreasing enrollment at particular sites, shall be deemed to be "an event which could not have been reasonably foreseen" within the meaning of Section 5.439 of the April 15 Package.
9. Classes on Conference Days (No cost) - Classes should be held on November 5, 1975, and March 17, 1976, previously scheduled as Conference Days.

Conclusion

We are grateful to the Board and its staff members and representatives, and to the CEC and its representatives, for the cooperation which all extended to the Panel in its work, and particularly for their willingness to work the late night-time and weekend hours as an accommodation to the Panel Members.

The sincerity of all parties involved in the strike is evident. The dramatic disclosures which required the Board to take sudden, dramatic action in June were almost incredible. The drastic nature of that action, coming as it did after the May 15 date which, to teachers, signals a binding contract for the ensuing year, and coming in addition after many teachers had left town for the summer, understandably made many teachers feel that they had been betrayed. The community in general had difficulty in sorting out the facts, rumors, accusations, and expressions of indignation emanating from both sides. We hope that the recital in this report of the events and conditions will provide the entire community with a clearer understanding of the situation and a deeper appreciation of the high sense of commitment and integrity we have found on both sides of the controversy.

Respectfully submitted this 27th day of October, 1975.

Spurgeon Avakian

Spurgeon Avakian, Neutral Chairperson

I concur in the foregoing Specific Recommendations for reasons set out in a separate statement submitted herewith

Douglas M. Schwab

Douglas M. Schwab

Representative of Board of Education

I concur in the foregoing Specific Recommendations for reasons set out in a separate statement submitted herewith

Richard Groulx

Richard Groulx

Representative of CEC

STATEMENT OF RICHARD K. GROULX

I concur in the opinion of Judge Avakian and will urge the CEC to accept it. I do so because the decision restores the major portion of the April 15th package or tentative agreements made during the strike. These items included matters of serious importance to the educational process, such as classroom size, classroom supplies, substitutes and the transfer program. The restoration of the Kaiser and Blue Cross Plans was an important gain in the fringe benefit package.

Circumstances and time pressure on the panel made it necessary to consider those major income sources where there was at least general agreement as to the amounts involved, and it was impossible to study programs in depth. It is important to note, however, that there were many exhibits and items of both income and expenditure on which the Board and CEC differed widely, including the cost of the strike and the value of the various programs. A good example of the latter is the "Growing Mind." That project seems to have assisted as few as eleven children last year at a cost of over \$80,000.00 and may not do much better this year with a budget of \$90,000.00.

While the panel did not feel it proper to judge such projects, the School Board is not relieved of that responsibility. In fact, throughout the hearings I was surprised at the ease with which board members blamed the financial mess on one or two hired employees while assuming the role of victims in this crisis.

The District has a moral obligation to reinstate the April 15th package to the teachers who signed it in good faith.

I believe this can be done with improved management and careful reappraisal of many of its programs.

A handwritten signature in dark ink, appearing to read "Richard K. Groulx", written over a horizontal line.

RICHARD K. GROULX

SEPARATE STATEMENT OF DOUGLAS M. SCHWAB
IN SUPPORT OF RECOMMENDATIONS OF SPECIAL PANEL

I

PREFACE

I have voted in favor of the recommendations of the Special Panel, and I urge the Board to accept them. However, my recommendation is based upon considerations different from those expressed by Judge Avakian. I believe it is important, therefore, that the basis of my recommendation be stated clearly.

In substance, I believe that the Board should accept the Special Panel's recommendations because that acceptance is required by the reality of the situation in which we find ourselves. Although the estimated \$450,000 cost of the recommendations might place the District in a cash deficit position at the end of this fiscal year, thus requiring that the recommendations be financed out of next year's budget, the need to operate the school district during this school year, and the need to heal the wounds which the strike has inflicted on the community at large, leaves the Board, in my opinion, with no alternative.

In recent months, the public's attention has been focused on District fiscal problems caused by mismanagement in the business office. While we should not belittle those problems, this District faces a far more serious long-term financial crisis from causes which are entirely beyond its control. Loss of federal funds and continuing decline in general fund revenue resulting from State funding legislation which links revenue to our declining enrollment will, starting next year, force such basic changes in District programs as to make the crisis of this year seem insignificant by comparison. I mention this because it is important to understand that the cost of this strike settlement will be borne by a District which is already in serious financial trouble.

II

DISTRICT FINANCIAL CONDITION

A. Introduction.

Viewed from every perspective, the strike was a costly one. Much has been said about its psychological and educational costs. There has been little attention paid to its monetary costs. It is important that those latter costs be clearly understood, for there is a common misconception that a school district saves money as a result of a strike,

and that the savings increase with the length of the strike. In fact, precisely the opposite is true. The longer the strike lasts, the deeper becomes the financial hole from which the District must ultimately extricate itself.

B. Impact of the Strike.

The monetary costs of the strike are felt both this year and next. Because of the structure of school finance law in California, the decreased attendance during the strike (and the consequent reduction in the average daily attendance (or "ADA") on which District revenue is based) will result in substantial revenue losses next year. In addition, the District has incurred, and will continue to incur, strike-related costs this year. Finally, the District faces serious financial problems both this year and next, unrelated to the strike, but which should be considered in the context of this settlement.

1. This Year.

The District's best estimates project that strike costs to the District this year will include approximately \$95,000 in direct expense already incurred, approximately \$194,000 in basic aid apportionment loss, between \$200,000 and \$450,000 in lost inter-District transfer revenue, between \$100,000 and \$350,000 in lost special education revenues, approximately \$65,000 in lost adult school revenues,

approximately \$246,000 in salaries paid to substitutes during the strike, and a loss of approximately \$185,000 in anticipated income from, among other things, fee-generating operations such as cafeterias and nurseries. The precise loss in some of these categories will not be known until the end of the fiscal year. These losses are netted against savings of approximately \$1,300,000 in certificated salaries which were not paid during the strike.

The District will generate revenue this year from unanticipated, non-strike-related sources (including Public Law 874, unbudgeted attrition, S.B. 90 and S.B. 220).^{*/} But the District must also realistically anticipate budget overruns this year, similarly unrelated to the strike.

While it is difficult in October to project the ending cash position on June 30, 1976, the best information which the District is now able to gather suggests that, without application of the austerity program discussed in section II(B)(3) of this statement, there may be an ending cash deficit for this fiscal year, before consideration of the cost of the Special Panel recommendations.

Thus, without severe austerity, it is unrealistic to

^{*/} Judge Avakian has correctly pointed out the possibility of additional special education revenue. However, I believe that so-called standards of "comparability" built into such funding will prevent the money from being used to relieve other segments of the budget.

The District financial picture next year is considerably worsened by factors unrelated to the strike. The District believes that without regard to any year-end deficit for this year (which will, of necessity, be carried forward to next year), the decline in next year's revenue (as compared with revenue this year) will approximate \$2 million. This is made up primarily of lost federal funds and declining enrollment. Thus, the carry-over of any cash deficit from this year will mandate a dollar-for-dollar reduction in staff and program, since there will be no "surplus" against which that deficit might be offset.

3. Summary.

The public should understand that if the Board and the teachers accept the recommendations of the Special Panel the School District might have a cash deficit at the end of this fiscal year. The public should also understand that this does not mean that the District will simply run out of cash and be unable to meet its obligations to the teachers; rather, it means that the cost of this settlement might, in effect, be paid by charging next year's revenue. Finally, the public should understand that the charge to next year's revenue will mean that there is that much less money available next year. At an average cost to the District of between \$18,000 and \$20,000 per certificated employee, the deficit carry-over may translate

directly into the lay-off of a substantial number of certificated employees.

Our financial picture is not bright. The Board has instructed the administration to institute fiscal policies calling for severe austerity during the balance of the school year. By these measures, the Board and the administration expect to prevent an ending deficit. These measures will be painful, and no ironclad guarantee of their success can be given.

III

BASIS OF RECOMMENDATION

Why, in view of all of this, should the Board accept the panel's recommendations? Initially, let me say that because of the District's precarious financial condition it is a close question whether you should vote to accept or reject the recommendations, and I cannot fault your judgment if you vote "no." Those members of the community who would not understand a "no" vote should consider the lessons of New York City.

Nevertheless, I urge acceptance of the recommendations. The Board has an obligation not just to operate the schools, but to do all that it can to foster a classroom

atmosphere in which children will not suffer because of bitterness produced by a conflict between their teachers and the Board. This strike has produced bitterness. It has been serious, but hopefully not permanent.

Viewed alone, and without regard to the District's financial position, the recommendations of the Special Panel are fair. But we all recognize that the recommendations are substantially less than what the certificated employees have hoped for. The estimated cost to restore the April 15 policies in their entirety exceeds \$1,500,000.

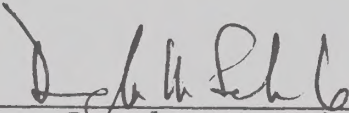
During each of the years that each of you has been on this Board, the District has ended the fiscal year with a cash deficit and has "rolled over" substantial amounts into the following year's budget. Indeed, it appears that that practice was enshrined in District financial management even before any of you were elected. That is not to say that the practice is sound, and I think that each of you would prefer that it end. But a general fund deficit of approximately \$700,000 was rolled over from 74-75 fiscal year into this year's budget, and the burden of that "roll over" is being borne by the certificated

employees this year, to the extent that the entirety of the April 15 policies will not be restored.* /

At some point the importance of harmony must compete with concepts of fiscal management: If the teachers were burdened with a "roll over" from last year to this, it may be difficult to burden those same employees with the choice this year to end the policy. I recognize that there is a qualitative difference between the two "roll over" situations - the "roll over" from 74-75 to 75-76 was unanticipated and was a result of serious business office miscalculations of which the Board was unaware until mid-June. By contrast, without implementation of your austerity program, approval of the Special Panel recommendations would be tantamount to a choice to create (or increase) a "roll over" to next year. Nonetheless, if a concerted effort is made to implement that program, the Special Panel recommendations will have been a fair price for something of great value - a chance to heal the wounds of a strike which produced not a great deal of physical damage but an unusually great degree of bitterness and divisiveness within the Berkeley community. The effective operation of our School District depends to a great degree on the ability of the Board, the teachers and the community to

* / The general fund deficit was actually much larger than this figure, but it was reduced by Board efforts to distribute its burden equally among all segments of our community - by increasing the childrens' center override tax, by reducing administrative budgets, and so forth.

put the strike behind us. I believe that if you reject the Special Panel's recommendations it will be difficult to re-establish a healthy working relationship.



Douglas M. Schwab

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